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Pertinent questions and
answers about war bonds

[Washington, D.C.]

1944

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Pertinent questions
and answers about

WAR BONDS

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Box 679

1. Q. How may I register a War Bond Allotment?

A. By turning over to your War Bonds or Disbursing Officer one Allotment Form 5 and two Allotment Forms 5a, with complete information typed in, and by signing each of these three Forms in ink with your full name. In most cases, it will be more satisfactory if you will fill in essential information on a Work Sheet (Form WEWS), and hand this in, so that the information may be transcribed from the Work Sheet to the Allotment Forms. The Allotment Forms fully typed up will then be returned to you for signature.

2. Q. How many War Bond Allotments may I register?

A. You may register a total of two War Bond Allotments in addition to any other allotments you have registered.

3. Q. How much may I allot each month?

A. You may allot \$18.75, \$37.50, or \$75.00 per month and get a \$25, \$50, or \$100 "Bond a Month." Or you may allot \$6.25, \$12.50, \$25.00, \$125.00, or \$250.00 per month and get a \$25, \$50, \$100, \$500, or \$1,000 "Bond a Quarter" (every three months).

4. Q. Can I allot any amount for Bonds other than those just mentioned?

A. Yes. By making two Allotments you have a wide variety of choice in deciding just how much you wish to invest in War Bonds. For example, by allotting \$18.75 for a \$25 "Bond a Month," you are making out a second monthly Allotment of \$12.50 for a \$50 "Bond a Quarter," your total monthly Bond investment will be \$31.25. Many other combinations are possible, so that actually you can choose any of the following amounts as the one you wish to save each month for War Bonds:

\$6 25	\$36.25	\$125.00	\$256.25
12 50	62.50	131.25	262.50
18 75	75.00	137.50	268.75
25 00	81.25	143.75	275.00
31 25	87.50	150.00	281.50
37 50	93.75	162.50	323.00
43 75	100.00	200.00	375.00
50 00	112.50	250.00	500.00

Practically everyone will be able to pick out from this list the figure which fits his own pocketbook.

5. Q. How long will the Allotment continue?

A. It will continue indefinitely under normal circumstances. However, you may register an Allotment for a definite period of months. In the case of "Bond a Quarter" Allotments, the number of months designated must be some multiple of three, such as 6, 9, 12, 15, 18 months, etc.

6. Q. When will the Allotment be discontinued?

A. Upon written request (Form 327) by you to the Disbursing Officer; or upon death; or discharge from the service.

7. Q. How much of my pay can I allot?

A. You may allot everything except sea pay, foreign pay, aviation pay, and submarine pay! You may allot MAQ (Enlisted Men), or Rent and Subsistence (Officers).

8. Q. When will the first deductions be made from my pay?

A. This question can be best answered by the Disbursing Officer. However, as a general rule, for Allotments submitted before the tenth day of the month, the first deduction from pay will be made the following month, except in the case of "Bond a Quarter" Allotments. For "Bond a Quarter" Allotments, the first deduction will be made from pay for the first month of the following quarter, viz, January, April, July, October. However, in the case of Marine Quarterly Allotments, the first deduction may be made from pay in any month designated by the allotor.

9. Q. How will these deductions be taken out of my pay?

A. They will be taken out of each pay equally. Thus if you allot \$37.50 per month, there will be taken out of each of your two pays during the month the amount of \$18.75; in other words, \$18.75 out of your pay due on the 15th, and \$18.75 out of your pay due on the last day of the month. If there is not sufficient money in the first pay to cover the Allotment, then the balance of the money allotted will be taken out of the second pay of the month.

10. Q. Do Marines and Coast Guard use the same Allotment Forms as Navy personnel?

A. No. They have their own Bond Allotment Forms. However, Navy, Marine Corps, and Coast Guard personnel may use the same work sheet (Form WEWS).

11. Q. How many bonds may I buy?

A. You may buy up to \$5,000 (Maturity Value) of bonds in any calendar year. However, you are entitled to buy an additional \$5,000 for each co-owner you name. Thus, a man who named his wife co-owner could buy a total of \$10,000 in the calendar year. If he then wanted to name a child as co-owner, he could buy an additional \$5,000 in the same calendar year.

12. Q. Does my name have to appear in the Bond as Owner, Co-owner, or Beneficiary?

A. No. Your name need not appear on the Bond.

13. Q. Whom can I name as Co-owner or Beneficiary?

A. Anyone.

14. Q. Is it necessary to name either a Co-owner or Beneficiary?

A. No. Not necessary—but advisable.

15. Q. May I name a minor child as Co-owner or Beneficiary?

A. Yes.

16. Q. Why is it advisable to name a Co-owner or Beneficiary?

A. So that in event of death of the owner, the Bonds can pass on directly to the co-owner or beneficiary rather than having to pass through the estate of the deceased owner. If the Bonds have to pass through the estate, they not only become intermingled with any other real and personal property of the deceased, but it may take six months or longer before the estate is settled and the proceeds distributed. In the meanwhile, the assets in the estate will be subject to shrinkage through probate fees and general administrative expenses. Both time and money are saved by naming a co-owner or beneficiary.

17. Q. What is the difference between a Co-owner and Beneficiary?

A. A Beneficiary has no rights in the Bond during the lifetime of the Owner. However, all rights go to the Beneficiary in the event of death of the Owner, at which time the Beneficiary automatically becomes the new and sole Owner of the Bonds.

A Co-Owner has the same rights in the Bond as the Owner. Whoever happens to have the Bond in his or her physical possession—either the Co-owner or the Owner—may cash the Bond in without either the consent or knowledge of the other party.

18. Q. May I name more than one Co-owner or Beneficiary in any one Bond?

A. No. You may designate only one.

19. Q. Suppose the Co-owner or Beneficiary dies before the Owner, what happens?

A. All rights in the bond remain with the Owner. He may, of course, name a new Co-owner or Beneficiary.

20. Q. Suppose I have named someone as Beneficiary, and I later on wish to name the same person as Co-owner on the Bonds already issued.

A. You may do so.

22. Q. Suppose I have named someone as Beneficiary on Bonds already issued, but later wish to eliminate such person, or name a new Beneficiary?

A. You may do so only by getting the written consent of the original Beneficiary.

23. Q. Suppose the Beneficiary refuses to give such consent?

A. Your only alternative is to cash the Bonds in and purchase new ones!

24. Q. Suppose I have not been naming a Co-owner or Beneficiary or that I have been naming one person as Co-owner or Beneficiary on old Bonds, but wish to add a Co-owner or Beneficiary or to name another person as Co-owner or Beneficiary on future bonds.
- A. You may do so by notifying the Bond Issuing Division of the Field Branch, Bureau of SandA, Navy Department, Cleveland, Ohio.
25. Q. Suppose I have named someone as Co-owner on Bonds already issued, but wish later on to eliminate such person or name a new Co-owner?
- A. If you desire to name your wife (husband) as Co-owner, you may do so by getting the written consent of the original Co-owner. However if you wish to name anyone other than your wife (husband) as Co-owner, you may do so only by cashing the Bond in and purchasing new ones!
26. Q. Who issues the Allotment Bonds?
- A. The Field Branch, War Bond Division, Bureau of Supplies and Accounts, Navy Department, Cleveland, Ohio.
27. Q. How fast will my Allotment Bonds be delivered?
- A. The Navy Issuing Office is mailing Bonds out to purchasers within 15 days after they are paid for.
28. Q. Will the Navy hold these Bonds for me in safekeeping?
- A. Yes. At no cost to you.
29. Q. Will the Navy issue me a receipt for such Bonds held in safekeeping?
- A. No. But you may get any information you want concerning these Bonds by simply writing to the Field Branch, identifying yourself, by giving your full name, rank or rating, file or service number, ship or station, and requesting the information.
30. Q. How can I withdraw Bonds held in safekeeping in the Navy?
- A. Upon a simple written request bearing your signature to the Field Branch in which you identify yourself, and inform the Navy of the name and address to which you want the Bonds forwarded.
31. Q. Who else can withdraw Bonds held in safekeeping by the Navy?
- A. Where the Grantor makes written request bearing his signature to the Field Branch, Bureau of S; and A, Cleveland, Ohio, to release the bonds upon application of the Co-owner, this will be done.
32. Q. Rather than have the Bonds held in safekeeping, will the Navy mail them out for me?
- A. Yes.
33. Q. Where will they mail them?
- A. To anyone, anywhere within the Continental limits of the United States. They will also be mailed to any Territory of the United States (such as Hawaii, Alaska, Puerto Rico, the Virgin Islands, and the Canal Zone), except (a) Enemy occupied territory, (b) To forces afloat, (c) To Navy Fleet Post Office Numbers. The Bonds will be mailed to a bank or business or private residence address outside the Continental limits of the United States in the above-mentioned places.
34. Q. Suppose I have to cash the Bonds in.
- A. You may take the Bonds to any Post Office, Bank, or Trust Company to have them certified. Any commissioned officer of the U. S. Navy, Marine Corps, and Coast Guard may certify, but only for members of their respective services, members of their families, and civilian employees at Bases or Stations. The certified Bonds are then forwarded to the nearest Federal Reserve Bank or to the U. S. Treasury to be cashed. A check will be mailed to you.
35. Q. How long does it take?
- A. Checks are usually mailed out within two or three days after the certified Bonds are received.
36. Q. Do the Bonds have to be certified at the place where they were issued?
- A. No. For example, Bonds issued by the Navy in Cleveland, Ohio, may be certified by the Post Office or a Bank or Trust Company in the Territory of Hawaii or by any other U. S. Post Office, Bank, or Trust Company located elsewhere in foreign countries. Any U. S. diplomatic or consular representative may certify the Bonds.

37. Q. Are the Bonds subject to Federal Income, Federal Estate Taxes, Federal Gift Taxes?
- A. That's a big question. Let's take the answers in order, dealing with the Series E Bonds, which are the 10-year cumulative Bonds which you buy on the Allotment Plan.
- (a) Federal Estate Taxes: Yes—The Bonds are subject to Federal Estate taxes, just as is any other form of property. However, since your net estate has to exceed \$60,000.00 before any Federal Estate Tax is levied, the question is purely academic for most of us common folk.
- (b) Federal Gift Taxes: Yes—if we make a gift of the Bonds during our lifetime. However, here again the exemptions are so liberal that the question of Gift Tax is only of academic interest to 99% of us.
- (c) Federal Income Taxes: Yes—But with the new additional \$1,500 exclusion given to service personnel, this shouldn't affect many of us. However, where we do have sufficient income to be taxable, we can report the Bond income for tax purposes in one of two ways: (a) Each year, on your income tax blank, list the amount of Bonds you own and the increase in the value of the Bonds during the year. This yearly increase in value is subject to tax. (b) Each year, on your income tax blank, list the amount of Bonds you own, but do not report the increase in the value of the Bonds for the year. In that case, you need not report the increase in the value of the bonds until maturity at the end of ten years (or until you cash them in prior to maturity). At maturity (or at time of cashing them in), you will report for tax purposes the entire increase in the value of the Bonds over the purchase price. This entire increase in value is subject to tax in that year.
- One other thing. You may select either the method outlined under (a) or (b) above, but once you have started reporting Bonds on one system, you must continue to report these Bonds on that system. In other words, you can't change tax horses in midstream. And now—no more tax questions, please, you Navy Lawyers!
38. Q. In the event of death of the Owner, will the Bonds go to the Beneficiary or Co-owner, or will they pass in accordance with the terms of my will?
- A. Regardless of whether you have a will or not, the Bonds will go directly to the Beneficiary or Co-owner.
39. Q. If I have not named a Beneficiary or Co-owner, and should die, what happens to the Bonds?
- A. They will pass on in accordance with the terms of your will, along with the rest of the property in your estate.
40. Q. Suppose I have no will?
- A. They will pass on to your nearest of kin in accordance with the Law of Descent and Distribution of the State of which you are a resident at the time of death.
41. Q. Suppose the Bonds are lost, stolen, destroyed, or misplaced?
- A. The Treasury Department will substitute replacement Bonds upon application by you in which you give the serial numbers, denominations, dates of issue, beneficiaries or co-owners, and all other pertinent data concerning the missing bonds!
42. Q. You haven't kept such a record?
- A. An excellent reason why you should buy your Bonds under the Navy Allotment Plan—because the Navy then keeps such a record permanently and safely for you.
43. Q. What happens to a War Bond Allotment in the event that a man is declared missing in action, interned in a neutral country, captured by an enemy, beleaguered or besieged?
- A. The Act of March 7, 1942, as amended December 24, 1942, and as further amended July 1, 1944, provides as follows:
1. He shall "be entitled to receive or have credited to his account the same pay and allowances to which he was entitled at the beginning of such period of absence or may become entitled thereafter."
- It provides further, "that such entitlement to pay and allowances shall not terminate upon expiration of term of service during absence and in case of death during absence shall not terminate earlier than the dates herein prescribed."

As to the determination of the date of death, the amended act provides as follows:

"Entitlement to pay and allowances shall terminate upon the date of receipt by the department concerned (Navy) of evidence that the person is dead."

We quote from a letter from the office of the Judge Advocate General of the Navy Department, dated 10 April 1944.

"By thus specifically fixing the date of termination of pay as the date of receipt of evidence of death, the act prevents a termination of pay at an earlier date."

Finally, section 4 of the act as amended reads as follows: "When circumstances are deemed to justify such action in the interest of a person entitled to receive or be credited with pay and allowances under section 2 of this act, in the interests of the dependents of such person, or in the interests of the Government, the head of the department concerned (Navy) may direct the initiation, continuance, discontinuance, increase, decrease, suspension, or resumption of payment of allowances from the pay and allowances of such person, subject to the provisions of section 6 of this act." As regards allotments of a person in a missing status, the act has this to say:

"Excepting allotments for unearned insurance premiums, any allotments paid from pay and allowances—shall not be subject to collection from the allottee as overpayments when payment thereof has been occasioned by delay in receipt of evidence of death."

It goes on to say:

"For the period that any person is entitled under section 2 of this act to receive or be credited with pay and allowances, such allotments as may have been executed prior to the beginning of his absence, including allotments for the purchase of United States savings bonds, may be continued—and notwithstanding any expiration of a period for which an allotment had been executed."

44. Q. That's fine, but what does the Act, as twice amended, mean in everyday language.

A. Suppose you ask the questions—we'll try to answer in lay language.

45. Q. Fair enough. Let's assume that a man is declared missing in action. What actually happens to his pay and allowances?

A. His all pay and allowances continue until such time as (1) he returns to naval jurisdiction or (2) the date of receipt of evidence that he is dead.

Q. Do he full pay and allowances of such a missing person continue regardless of whether he has a War Bond Allotment or not?

A. Yes

Q. Suppose out of pay and allowances of \$125. per month, the missing person is allotting \$22. for dependency (Class A), \$7. for National Service Life Insurance, \$30. for dependency (Class B), and \$37.50 for War Bonds, a total of \$96.50. He draws \$28.50. What happens if he is declared missing?

A. His Class A dependency allotment of \$22. and his insurance allotment of \$7. automatically continue.

If dependency has been established, his Class B allotment of \$30. also automatically continues. Even if dependency has not been established, his Class B allotment will continue unless it is halted by direction of the Secretary of the Navy. His War Bond Allotment of \$37.50 will also continue, unless it is halted by direction of the Secretary of the Navy. His remaining pay of \$26.50 will accrue in his pay account.

The Secretary of the Navy may direct discontinuance of his War Bond Allotment and of his Class B dependency allotment (where dependency has not been established). However, if such allotments are discontinued, the amount of such allotments (\$30. for Class B dependents and \$37.50 for War Bonds) totalling \$67.50, will be (1) accumulated in the missing person's pay account or (2) diverted in whole, or in part, for support of his dependents if there is need for such further support.

In any event, there is no loss to either the missing person, his dependents, or his estate in cases where a War Bond Allotment was in effect at the time such person was declared missing.

Q. Suppose a person has been missing for twelve (12) months. Is this taken as presumptive evidence of his death?

A. No, not unless there is convincing evidence of his death.

Q. Suppose a person has been missing eighteen (18) months. Under the law, his full pay and allowances have been continued throughout this period. All his allotments, including his War Bond allotment, have also continued. At the end of eighteen (18) months, conclusive evidence of death is received which shows that death actually occurred four (4) months previously or at the end of fourteen (14) months. For purposes of pay, allowances, and allotments, what will be determined as the date of death?

A. The date on which the evidence is received—or in this case, eighteen (18) months after he is declared missing.

Q. In the case above, what happens to the money which has been accumulated in his pay account during that eighteen (18) month period?

A. It is (a) either turned over to his executors or administrators, if the amount due him by the Government equals or exceeds \$500, or (b) it is paid to his nearest of kin if this amount is less than \$500.

Q. What happens to his War Bonds which his Bond allotment has purchased during this eighteen (18) month period?

A. His War Bonds, provided he has named a Co-Owner or Beneficiary, need not pass thru his estate. They pass direct, without delay or probate expense, to his Co-Owner or Beneficiary.

Q. What happens, if in the case above, the missing person returns to naval jurisdiction at the end of eighteen (18) months?

A. The money accumulated in his pay account is then available to him. The major point is that neither the person in a missing status, nor his dependents, nor his estate is in any way at a disadvantage due to his having a War Bond Allotment. In fact, under certain conditions, as pointed out above, there is an advantage in having a War Bond Allotment in effect.

46. Q. Has the Bond Allotment program been a success?

A. Very much so. In May of 1943, there were only 41,000 allotments in force in the entire Navy. In July of 1944, this had increased to over 1,600,000.

47. Q. How can an Apprentice Seaman afford \$6.25 a month?

A. The actual value per year of an AS's pay is over \$1,700, taking into consideration food, housing, clothing, free postage, free entertainment, free medical care, and tax-free items from Navy stores. This doesn't take into consideration those who get extra allowances, etc., for dependents. The average income of a college graduate for the first five years out of college is only \$1,900.

48. Q. Did not some people take a cut in salary when they came into the Navy?

A. Yes. However, the Honorable John L. Sullivan, Assistant Secretary of the Treasury, in charge of the Income Tax Division, has stated that the actual records of tax returns show that 98 1/4% of all military personnel are now making more money than they did before the War. Many of the new personnel never earned anything, because they came into the Navy directly from school. Practically all personnel were forgiven all of the 1942 and 1943 income tax after re-computation. The minimum saving due to the \$1,900 exclusion amounts to about \$312. This \$26 per month is more than enough to buy a bond a month.

49. Q. Can a disbursing officer enter Allotments ahead of time?

A. Yes! In a letter written 13 January 1944 to a Disbursing Officer, the Field Branch said in part: "The Allotment Division will accept allotments of any type registered and forwarded in advance, provided the date on which they are forwarded is not earlier than three months prior to the first day of the month of first payment. Registration of new allotments in January for first payment in April is therefore proper.

"The acceptance of bond-a-quarter allotments in January for first payment in April is especially desirable as naval personnel should be afforded every opportunity to purchase War Savings Bonds."

The Paymaster General's letter for January 1944 stated:

"Reports have been received in the Bureau in recent months indicating that a number of disbursing officers are performing less than is their duty with regard to the registration of War Bond allotments. In fact, some of these reports allege that disbursing officers actually have made it difficult for men to register War Bond allotments prior to their detachment, frequently for duty afloat or at advanced bases.

"It should be apparent to all disbursing officers that the registration of allotments can best be effected within the continental limits of the United States prior to a man's departure for overseas duty.

"It is hoped that this reiteration of the Bureau's views with regard to this dereliction by some disbursing officers will prevent recurrence in the future. However, lest the great majority of disbursing officers who are performing their duties diligently in this respect feel an unwarranted onus placed upon them, the Bureau will address individual letters to disbursing officers concerned whenever their failure to afford all possible convenience in the registration of allotments comes to the Bureau's attention."

Disbursing Officers have given excellent assistance, but if there is occasionally one who misunderstands the workings of Bond Allotments, these excerpts should be brought to his attention.

50. Q. I would rather buy my bonds for cash when I get ready. What's wrong with that?
- A. Fine, except it just doesn't work for 9 out of 10 men. It is very much smarter "To save first and spend the difference, than to spend first and save the difference." If you are one of the fortunate 10 percent who can save just as much money by buying bonds for cash as you can on the Allotment Plan—"Congratulations". In that case, we ask that you sign up for an allotment anyway, just to set an example for the rest of us 90 percenters who are not quite so good.

COMMENT:

For further information, ask your War Bond Officer, your Disbursing Officer, the Office of the Coordinator for War Bonds, Navy Department, Washington, D. C., or your District, Fleet, or Area War Bond Officer.

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